

REVISED ANALYSIS

Franchise Tax Board

Author: Harman Analyst: Kristina E. North Bill Number: AB 2630
Related Bills: See Legislative History Telephone: 845-6978 Orig. Amend. Date: April 18, 2002
Attorney: Patrick Kusiak Sponsor: CA Farm Bureau Federation

SUBJECT: Charitable Contribution Deduction/Qualified Conservation Contributions/Allows Carryover Until Used

- ☒ REVENUE ESTIMATE CHANGED.
☐ FURTHER CONCERNS IDENTIFIED.
REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED FEBRUARY 22, AND
☒ AMENDED APRIL 18, 2002, STILL APPLIES.
☐ OTHER - See comments below.

SUMMARY OF BILL

This bill would allow farming businesses to fully use the tax benefit of contributing land for charitable purposes.

SUMMARY OF REVISION

The "Fiscal Impact" of the department's analysis of AB 2630 as amended April 18, 2002, has been revised to include an estimate for non-easement conservation contributions in a farming business. The remainder of the department's prior analysis still applies. The "Position" remains pending.

REVISED REVENUE ESTIMATE

Revenue losses for this proposal are estimated to be minor at less than \$200,000 for 2002/2003, increasing to \$400,000 by 2003/2004, and \$500,000 by 2004/2005.

According to industry sources, the market value of charitable contributions for conservation easements could reach \$3 million annually. Reliable data for total non-easement conservation contributions of real property by farming businesses is not available. However, according to Department of Conservation contacts non-easement conservation contributions could easily equal the conservation easement contributions. Thus, staff assumes for this estimate that the non-easement conservation and conservation easement contributions would be equal. Since this estimate applies to preexisting carryovers in addition to new contributions, the bulk of the cost would be in the first five years. As a result, the additional revenue loss for periods beyond five years would be minor.

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Board Position:

☐ S ☐ NA ☐ NP
☐ SA ☐ O ☐ NAR
☐ N ☐ OUA ☒ PENDING

Legislative Director

Date

Brian Putler

5/10/02